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SUBJECT: BOSNIA: SCENESETTER FOR THE JUNE 18-19 PIC

Classified By: Ambassador Douglas L. McElhaney. Reasons 1.4 (b), (d).

Summary

11. (C) The June 18-19 PIC will take place against a political climate that has not been as difficult in many years, possibly since the outbreak of the war. The February 26 verdict of the International Court of Justice, ruling that genocide occurred in Bosnia during the war, has refocused Bosniak (Muslim) grievances and has caused Serb politicians to retrench in defensive positions. This hostile environment has precluded any meaningful work on the reform agenda, with politicians seemingly incapable of abandoning ethnic platforms. The Office of the High Representative has remained ineffective and has failed completely to advance meaningful reform or improve the functioning of the deadlocked government. European Union member states have been unable or unwilling to shoulder responsibility for de-escalating the political situation and have promoted a Bosnia policy that is process-oriented rather than substantive. These factors have complicated our ability to push Bosnia forward on its reform path, and its prospects for European integration appear to be receding further into the future. At the June 18-19 meeting of the Peace Implementation Council, we need to demonstrate clear U.S. leadership by pushing the Europeans to join forces with us. End Summary.

Silajdzic and Srebrenica

12. (C) The February 26 ruling by the International Court of Justice continues to roil the waters here and promises to remain a destabilizing factor for the foreseeable future. Haris Silajdzic has seized on the ruling as the basis for his claims that the Republika Srpska is an unlawful creation of genocide. He has enlisted Srebrenica victims groups (including those now camped in protest here in the capital) to exert political pressure for the removal of the municipality from the RS, a strategy that is clearly intended to serve as a proxy for a legal challenge to the existence of the RS itself. Silajdzic has also promoted his intention to force the UN to "implement" the ICJ verdict which he believes ruled that the existence of the RS, as a state party to genocide, is unlawful (it did not). The recent work of Ambassador Clifford Bond, OHR Special Envoy for Srebrenica, has exerted a moderating impact on the political discourse among Bosniaks. Nonetheless, an initiative to remove Srebrenica from the RS, launched with the clear backing of Silajdzic, continues to exercise RS Bosniaks and victims groups who have issued a July 11 ultimatum for its passage. The initiative enjoys the patronage of high-level members of the Bosniak SDA and SBiH parties and, without forceful intervention by the international community, threatens to present a serious challenge to Dayton in the coming weeks.

Dodik on Counterattack

13. (C) Sprksa Prime Minister Milorad Dodik has responded defensively to Siljadic by adopting positions increasingly hostile to the state and Bosniak parties. Through members of his SNSD party, Dodik has launched an initiative to reclaim all RS competencies that have been transferred to the state level and has announced his intention to flood the Constitutional Court with related legal challenges. Dodik has also ratcheted up his nationalist rhetoric with recent outbursts bordering on racism, including claims that Bosniaks are seeking to institute an Islamic state in Bosnia and that the RS is being infiltrated by Islamic terrorists from the Federation. We expect that his willingness to continue to back the U.S.-brokered constitutional reform package will waver over the coming weeks.

Government at a Standstill

14. (C) In this context the national government of Prime Minister Nikola Spiric is barely functional. Although a minimum of day-to-day governance continues, since its formation the new government has been able to adopt only thirteen pieces of legislation, the majority of which were drafted by the previous government. Important initiatives in the fields of counterterrorism, law enforcement, health care and social security have faltered or stalled altogether. The implementation of defense reform, which had been a bright spot among other stalled reform initiatives, seems as well to have fallen victim to the political gridlock with PM Spiric unable to bring the entity Prime Ministers together to discuss defense property transfers.

SARAJEVO 00001352 002 OF 003

OHR Remains Ineffective

15. (C) The Office of the High Representative has continued to flounder in the face of the deteriorating political situation. High Representative Schwarz-Schilling has announced multiple deadlines, on issues such as RS ICTY cooperation and Cantonal government formation in Herzegovina, which he has subsequently allowed to lapse. The High Representative has focused his staff almost exclusively on his personal goal of establishing a constitutional reform committee and secretariat in the Parliament. This initiative has received minimal traction among local politicians and appears increasingly untenable. Bosnian politicians, and the general public, regard the High Representative with open scorn. Upon the delivery of an anodyne farewell address to Parliament on June 13, a prominent local commentator called it "uninspiring and vague, like the tenure of the High Representative." His nickname, "The Sleeper," from his lapses into slumber during meetings, is used frequently in the press. Were it not for Deputy High Representative Gregorian, who has worked hard to push reform, the High Representative's Office would be completely irrelevant.

Kosovo

16. (C) Regional developments, most notably events in Kosovo and Belgrade, have the potential to exert a destabilizing impact on the political situation in Bosnia. Although RS officials have, to date, generally avoided the redlines laid down by the USG and the international community on using Kosovo as a domestic political issue, rhetoric from Belgrade linking Kosovo independence to the status of the RS has tempted Bosnian Serb leaders to adopt increasingly confrontational postures. Although the issue of Kosovo independence has not yet become a political flashpoint in the RS, Serb politicians are mindful that it could be used as a counterpoint for the legal arguments of Haris Silajdzic.

Most recently, Milorad Dodik warned that Bosnian Serbs would consider the issue of recognition of an independent Kosovo absent a UNSC resolution as worthy of a Bosnian Serb veto. The parallels between a generally Muslim Kosovo getting independence and a Serb entity (RS) forced to remain a minority in a Muslim-dominated BiH will be heard increasingly if Kosovo remains a headliner.

Police Reform and the SAA

¶7. (C) Police reform has stalled completely and, as a result, the prospects for the conclusion of a Stabilization and Association Agreement with the EU this year are growing increasingly dim. This situation has been compounded by disjointed messages from EU member missions, the Commission, the OHR and the and EU Police Mission. Although EU Ambassadors engage in frequent hand-wringing over the collapse of the SAA and appeals for leadership from Bosnian politicians, few have demonstrated any willingness to take a hard line with political leaders or push for clear consequences for blocking the Agreement. As a result, Dodik has felt sufficiently empowered to state publicly that he is willing to make Bosnia "wait for a hundred years" for EU membership rather than relinquish the RS police.

Constitutional Reform

¶8. (C) There has been no further progress on constitutional reform. The process could be potentially complicated as High Representative Schwarz-Schilling hopes to leave his mark in Bosnia by engineering an agreement for a constitutional reform commission and secretariat housed in the state Parliament. The German government has acquiesced to this objective as part of the High Representative's golden handshake. On June 6 the High Representative will attempt to convoke political parties to reach an agreement on a process to be funded by the Commission. Most supporters of the original package, particularly SDA President Sulejman Tihic, have told the Schwarz-Schilling that his process is bereft of substance and misplaced in a body with no power to make decisions. For our part we have attempted to bridge the gap between party leaders pointing out to them that the new "process" can easily be incorporated into progress made thus far. Schwarz-Schilling will demand that the process be blessed by the PIC, regardless of whether the party leaders have reached agreement.

Recommendations

¶9. (C) In this difficult political context, most PIC members

SARAJEVO 00001352 003 OF 003

have high expectations for the inauguration of new High Representative Miroslav Lajcak. It will be important for the USG to issue a strong endorsement of Lajcak who must act early and forcefully in order to normalize the political climate here. A message of continuing commitment to the reform process, both police and constitutional, will also be essential in order to assist Lajcak in refocusing Bosnian politicians on the SAA process. The USG message should also make explicit that challenges to Dayton, such as the Srebrenica secession initiative; and adventurism threatening regional stability, such as Dodik's incipient defiance over Kosovo, will not be tolerated.

MCELHANEY